IMF'S Prediction Regarding Economy

1041. SHRI JIBON ROY: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention is drawn to the news-item, which appeared in the Asian Age, dated the 27th April 2001, captioned "IMF predicts further slowdown of Indian Economy"; and

(b) what are the updated figures of basic economic standards for the year 2000-2001 and also current trend?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) Yes, Sir.

(b) According to the Central Statistical Organisation, the revised estimate for growth rate for GDP for 2000-2001 is 5.2% as compared to the growth rate of 6.4% during 1999-2000. The trends in the overall growth in GDP during the current year would be available with the release of Quarterly GDP estimates for the first quarter (April-June 2001) by end-September 2001.

ICICI Loan to Karnataka Power Transmission Corporation Ltd.

†1042. SHRI RAM JETHMALANI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the ICICI has provided a loan of Rs. 500 crores to the Karnataka Power Transmission Corporation Ltd.

(b) whether any guarantee has also been taken to ensure the refund of this loan;

(c) if so, who stood for the above guarantee; and

(d) the details of the guidelines issued for disbursement of loans by the financial institutions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) ICICI has given "in principle" sanction to Karnataka Power Transmission Corporation Ltd. (KPTCL) for a term loan of Rs. 500 crores. No disbursement has been made out of the loan till now.

(b) and (c) The loan would be secured by a charge on the fixed

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†Original notice of the Question was received in Hindi.

assets of the KPTCL as well as a charge over the receivables of KPTCL. The loan does not carry any guarantee.

(d) Financial Institutions including ICICI while extending loans to projects stipulate certain terms and conditions i.e. rate of interest, repayment period, security creation, personal and corporate guarantee etc. to ensure timely implementation of the projects within the estimated cost and to enable the lenders to monitor the project. Certain project specific conditions are also stipulated. Loans are extended to borrowers as per the well laid out credit policy duly approved by their respective boards and also guidelines issued by RBI/Government in this regard.

Loss Suffered by Global Trust Bank

1043. SHRI S. RAMACHANDRAN PILLAI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Global Trust Bank (GTB) has a shortfall of Rs. 40 crores in collateral value against loans to the capital market sector;

(b) if so, what steps have been taken by Government to recover the loss to the exchequer; and

(c) what steps are being taken so that such loss does not recur in the future?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) Reserve Bank of India (RBI) has reported that as per the information furnished by Global Trust Bank Ltd. (GTB), as on 31st March, 2001, the Bank had granted advances against shares, debentures etc. to the extent of Rs. 360.44 crore and had given guarantees on behalf of stock brokers to the extent of Rs. 389.80 crore, aggregating Rs. 750.24 crore. The value of securities held by GTB was short to the extent of Rs. 92.22 crore on account of fall in share prices.

(b) There is no loss to the Government on this account since GTB is a private sector Bank.

(c) RBI has advised GTB to bring down substantially its exposure